Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Life Line and Link-Up	)	WC Docket No. 03-109
	)	
	)	

COMMENTS OF VERIZON

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August 18, 2003

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Introduction

The Joint Board should be commended for its continued work to ensure the affordability of telecommunications service to low-income consumers. However, the Joint Board proposals to expand the eligibility criteria for Lifeline and Link-Up support are best explored at a local- or state-specific basis, as needed to target pockets of low penetration, rather than adopted as federal guidelines that would be applied to all states. The federal Lifeline criteria in effect today are relatively new, and are still being implemented in many states. The Commission should continue to operate under the current criteria, and gather additional data on regional gaps in subscribership, rather than expanding the criteria for federal Lifeline/Link-Up eligibility.

In particular, the Commission should not adopt the proposal to allow households to apply for federal Lifeline support if they earn 135% or less of the Federal Poverty Guidelines. Such a rule, with no clear-cut way to verify eligibility, likely would invite waste, fraud and abuse of universal service funds. In addition, the Joint Board's analysis of this criterion focused on potential increases in participation in the Lifeline program; however, the more relevant question is whether it would increase *telephone*

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[1] The Verizon telephone companies ("Verizon") are the local exchange carriers affiliated with Verizon Communications Inc., and are listed in Attachment A.

subscribership for low-income consumers. In most cases, the answer to that question either appears to be no, or the costs that will be borne by all consumers far exceed the benefit. Commission staff estimates that adopting this criterion would increase Lifeline costs by more than $100 million per year, but only approximately 25 cents of every dollar would go to increasing telephone subscribership. Other statistics confirm that there is little correlation between increasing participation in the Lifeline program and increased telephone penetration, and indicate that the staff's analysis – predicting only modest gains in telephone subscribership – may even be overly optimistic. And because most states are net payors to the Lifeline/Link-Up program, any changes that would increase Lifeline costs to consumers without creating significant benefits in telephone service subscription would likely hurt those states needing the most help with increasing subscribership.

The proposals to add other federal programs as criteria for Lifeline eligibility likewise should not be adopted until the Commission has a better understanding of the financial impact of adding these criteria, and what, if any, likely effect adding the criteria would have on subscribership levels. The Commission should adopt the Joint Board recommendation to enlist the help of the Universal Service Administrative Company ("USAC") in Lifeline/Link-Up outreach efforts that can be used by states with below-average telephone subscription rates.

I. It Is Premature To Modify Lifeline/Link-Up Eligibility, And Doing So Would Likely Hurt States' Efforts to Target Local- and State-Specific Areas of Low Telephone Subscribership

Although the Commission had long provided Lifeline and Link-Up support to low-income consumers, it significantly revised the Lifeline and Link-Up programs with the first universal service order in 1997.[2] The Lifeline program changes implemented in 1997 have resulted in an increase in participation, from 5.1 million households to 6.5 million households, with Lifeline support increasing from $147.6 million per year in 1997 to a projected $695 million in 2003, and Link-Up growing from $13.7 million to $32.3 million per year during the same time period.[3]

Although many states have implemented new programs that are intended to increase telephone subscribership, that process is ongoing and in many states has only just begun. And, as the Joint Board recognized, there are significant differences in low-income telephone penetration rates among the states. Recommended Decision, ¶ 6. The Commission recently reported that, as of March 2002, states' telephone subscribership rates among low-income households ranged from a high of 96.5% (in Maine) to a low of 79.4% (in Mississippi). FCC 2003 Telephone Penetration Report, at 1.

Because most states are net payors into the Lifeline system, adopting new criteria that would increase Lifeline costs to telecommunications consumers likely will *hurt* the states with the lowest levels of telephone penetration. Those states' telecommunications consumers, including low-income consumers who are not Lifeline subscribers, will pay increased universal service fees for programs in other states, leaving less room to assess affordable state-based universal service charges.

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2 *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, ¶¶ 326-408 (1997) ("First Universal Service Order").

3 *See FCC Trends in Telephone Service Report*, Tables 20.2, 20.6 & 20.7 (Aug. 2003) ("Trends") (reporting on number of households, and $147.6 in Lifeline support, $13.7 million in Link-Up support for 1997); USAC, Federal Universal Service Support Mechanisms Fund Size Projections For The Fourth Quarter 2003, at 17-18 (2003) ("Fourth Quarter Projections") (projecting $695 million in Lifeline support for 2003, and $32.3 million in Link-Up support).

During 2001, the Joint Board staff has estimated that 40 of the 50 states were net payors to the Lifeline/Link-Up program – that is, consumers in the vast majority of states paid more than they received out of the federal Lifeline program.[4] And many of the "payor" states are subsidizing states with much higher levels of subscribership. For example, California is by far the largest net recipient of Lifeline support, receiving a net of $0.88 per loop per month; New York is also a net recipient. *Id.* Both of these states have relatively high percentages of households subscribing to telephone service. *See* FCC 2003 Telephone Penetration Report, Table 3 (reporting that, as of 2002, California has 97.4% subscribership rate among all households, and 94.3% for low income households; New York has 96.0% of total households and 89.2% of low income households). By contrast, many of the states with lower subscribership rates – such as Alabama (with 83.9% of low-income households with telephone subscription) and the District of Columbia (with 87% low-income telephone subscribership), are net payors. *Id.*; *see also* Attachment B. Thus, for example, the Joint Board estimates that Alabama consumers (through their carriers) paid more than $7.7 million into the Lifeline program in 2001, but received only $2.3 million in Lifeline support. Monitoring Report, Table 2.13.

Any increases in federal Lifeline assistance are only likely to similarly increase this disparity. That is because states that are currently receiving the maximum level of Lifeline support would receive more under the new proposed criteria, while states that are not receiving the maximum amount of support under the current rules would find that

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4 *See* Federal-State Joint Board on Universal Service, Universal Service Monitoring Report, Table 2.13 (October 2002) ("Monitoring Report").

more and more of their consumers' telecommunications costs are going to support consumers in other states.

Rather than expanding federal Lifeline criteria, the Commission should encourage states with low subscribership levels to work toward local- and state-specific methods of improving subscribership. The Commission should enlist USAC as a resource for outreach materials that could be used by states. *See* section IV, below. And states that are not receiving maximum support under the current Lifeline criteria could be encouraged to increase participation in the federal matching program.

The Commission's present rules give states that provide Lifeline support the right to decide the appropriate low-income qualification criteria for the state, adopting a default set of federal criteria only if the state fails to specify its own. 47 C.F.R. § 54.409. By continuing to allow states broad authority to increase Lifeline participation where warranted, the Commission gives states the authority to take local conditions into account. Continuing this approach is preferable to adopting a blanket expansion of Lifeline criteria that likely would spend consumers' dollars out-of-state, and thus take resources away from the states that most need to work on targeting areas of low telephone subscribership.

II. The Commission Should Not Expand Eligibility Criteria To Include a 135% of Federal Poverty Guidelines Criterion

A. Creating An Income-Based Criterion Will Invite Waste, Fraud, and Abuse of Lifeline Funds, Particularly If the Commission Requires Carriers To Verify Eligibility

In particular, the Commission should not adopt a criterion for eligibility based on an applicant's certification that the household income is 135% or less of Federal Poverty Guidelines, because such a criterion is not easily verified, and would likely lead to misuse of Lifeline funds. In recommending the new income-based criterion, the Joint Board conceded that it was "concerned that there may be a greater potential for fraud and abuse when an individual self-certifies his/her income eligibility than there appears to be when an individual is enrolled in a qualifying program because program enrollment is more easily verified." Recommended Decision, ¶ 34. As the Joint Board noted, "program-based criterion" for Lifeline eligibility, such as participation in Medicaid or Food Stamps programs, "are easily verified." Recommended Decision, ¶ 19; *see also id.*, ¶ 33 ("[P]articipation in public assistance programs is easily verified and the record contained no evidence of fraud and abuse resulting from the use of self-certification" of membership in these programs). By contrast, the proposed 135% Federal Poverty Guideline criterion is not subject to easy verification, because there is no easy way to confirm household income.

Recognizing this, the Joint Board recommended requiring consumers to submit documentation, such as pay stubs or tax returns, to back up the certification of income eligibility under the new proposed criterion. Recommended Decision, ¶ 34. However, it acknowledged that in many cases, documentation would not be sufficient to prevent fraud:

> We note that there are important factors to consider with each form of documentation. For example, although tax returns are widely available, they only reflect income earned one year ago. As another example, a current income statement from an employer or a paycheck stub would be an indicator of current income, but might be incomplete because the consumer might have more than one job.

Id., ¶ 35. Because the 135% criterion applies to households, rather than individual consumers, one consumer's pay stub or income tax return may not reflect additional income of other persons in the household. In addition, employee pay checks would not reflect income from investments, and may not reflect tip-related income.

This problem of potential waste, fraud, and abuse would be exacerbated if the Commission required carriers, rather than states, to perform verification of Lifeline eligibility for this criterion. The Recommended Decision seems to suggest that both states and carriers be involved in performing verification. *Id.*, ¶¶ 41-46. However, carriers in most cases are not as well qualified or equipped to perform the type of verification that states can perform. For example, state agencies that administer low-income programs often have access to information about the applicant that is unavailable to the carrier, such as participation in qualifying programs that have income-based standards. Moreover, because carriers are not equipped to perform such verifications, requiring them to conduct verifications likely will lead to significant administrative costs. If carriers are not allowed to recover costs associated with the universal service fund, they likely would be forced to recover the costs in other ways, such as by increasing rates charged to customers.[5]

B. A 135% of Federal Poverty Guidelines Criterion Would Cost Consumers More Than $100 Million Per Year, and Is Not Targeted to Increase Telephone Subscribership

Even if it could be reasonably administered, basing eligibility on a 135% of Federal Poverty Guidelines criterion still would not constitute sound public policy, because the necessary increases in fund size that would result from the new criterion

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[5] The Commission should revisit its decision not to allow carriers to recover administrative costs as part of their universal service contribution charges to customers. Without a mechanism for carriers to recover their administrative costs, universal service charges will be neither "explicit" nor "sufficient." *See* 47 U.S.C. § 254(e) (universal service support "should be explicit and sufficient to achieve the purposes of" universal service).

would far outweigh the potential benefits. As Chairman Powell stated, "the cost of [universal service] programs is ultimately borne by American consumers. Accordingly, . . . we must balance the needs of funding these programs against the real burden that our contribution requirements could impose on consumers if we do not manage those requirements carefully."[6] The size of the universal service fund is growing to levels that threaten two of the primary goals of the universal service program – sustainability of the fund, and affordability of telecommunications services for all Americans. *See* 47 U.S.C. § 254. Recent Commission staff projections are that the fund will grow from almost $5.85 billion in 2002 to approximately $7.37 billion in 2007 – a roughly 25% increase, requiring an additional $1.5 billion per year, in just a five year period.[7] Because increases in Lifeline funding will lead to increased costs for all telecommunications consumers, the Commission must "manage these requirements carefully." Adopting measures that would increase spending without being carefully targeted to satisfy universal service goals would be contrary to managing the requirements carefully, and would ultimately harm consumers by increasing costs dramatically.

The Joint Board estimates that adding an income-based criterion of 135% of Federal Poverty Guidelines "could result in approximately one million new Lifeline subscribers." Recommended Decision, ¶ 15. Even if that estimate were accurate, it answers the wrong question. The goal of Lifeline support is *not* to increase the number

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6 *Schools and Libraries Universal Service Support Mechanism*, Separate Statement of Chairman Michael K. Powell Approving in Part and Concurring in Part, 17 FCC Rcd 11521, 11540 (2002) ("*Schools and Libraries Support Order*").

7 *See Commission Seeks Comment on Staff Study Regarding Alternative Contribution Methodologies*, Public Notice, CC Docket No. 96-45 et al., FCC 03-31, at 5 (rel. Feb. 26, 2003) (line listing "USF program requirements").

of persons who receive federal subsidies; rather, it is to increase telephone subscribership among low-income Americans.[8] Thus, the measure of success depends not whether there is an increase in persons participating in the *Lifeline* program, but whether the new criterion results in an increase in subscribership to *telephone service*. It looking at this latter goal, statistics and the Commission staff's own analysis demonstrate that there is likely to be little correlation between the proposed 135% of Federal Poverty Guidelines criterion, and increased telephone subscribership among low-income Americans.

The Commission's staff has predicted that, if the Commission were to adopt the additional criterion of 135% of Federal Poverty Guidelines as qualifying for Lifeline/Link-Up Eligibility, it would cost between $105 million to $123 million per year in extra universal service funding.[9] However, staff also estimates that *the vast majority of persons who would be receiving Lifeline support under the new criterion are persons that already have telephone service*. According to staff estimates, in 2004, between 967,000 and 1,136,000 additional households would take Lifeline support if states adopted the 135% criterion, but only 259,000 would be subscribing to new telephone service because of the new criterion. *Id*. In other words, *between 73% and 77% of those "new" Lifeline households would have already subscribed to telephone service without the additional Lifeline support*. Thus, staff estimates that only 23 to 27 cents of every dollar spent on

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[8] *See* 47 U.S.C. § 254(b)(3) ("consumers in all regions of the Nation, including low-income consumers . . . should have access to telecommunications and information services . . ."); *see also* First Universal Service Order, ¶¶ 332-346 (discussing the purpose of Lifeline and Link-Up support, and changes designed to address "low subscribership levels" among low-income consumers).

[9] Craig Stroup, Wireline Competition Bureau, Industry Analysis and Technology Div., *Lifeline Staff Analysis: Quantifying the effects of adding an income criterion to the Lifeline eligibility criteria*, at 2 (attached to Recommended Decision, Appendix F) ("Lifeline Staff Analysis").

Lifeline support under the new 135% criterion would actually go toward increasing telephone subscribership. *Id.* *See also* Recommended Decision, ¶ 15 ("Of these new Lifeline subscribers, we project that approximately one quarter would be new subscribers to telephone service.").

Moreover, some of the figures in the staff analysis lead to questions about the data relied upon by the Joint Board in its analysis. For example, the staff analysis estimates that during 2002, in California, *131%* of households that qualify for Lifeline support under the Commission's current rules are receiving it. That is, according to the information provided to the Joint Board's, *no less than 780,000 of the 3.2 million households that took Lifeline support in California during 2002 were not eligible to receive it.* *See* Lifeline Staff Analysis, at 17, Table 1.B. Similarly, the same analysis shows that Maine showed that far more than 100% of households that qualify for Lifeline support are receiving it. *See id.* (reporting 117.8% of Maine households that were eligible for Lifeline support were receiving it). These numbers either suggest that more people may be receiving Lifeline support than should be eligible, or raise questions about the data available to the staff and Joint Board in performing their analysis. Indeed, the staff cautioned that its analysis was incomplete. As the report stated, the study was unable to "take several important factors into consideration, such as economic conditions and state outreach programs because there are not enough data to do so." Lifeline Staff Analysis, at 12. In addition, staff stated that "there are no comprehensive estimates quantifying state spending on outreach programs, or the effects the outreach programs have on Lifeline subscribership." *Id.*

Other data confirm that there is little correlation between increases in Lifeline participation and increased telephone penetration. Indeed, Verizon's analysis is that there may be fewer telephone subscribers than staff estimates would result from adding the new criterion. As shown in Attachment C, there is only a minimal correlation between the Lifeline participation rate for households below the federal poverty level and the overall subscribership among low-income households. The results of this analysis indicate increasing the number of households participating in the Lifeline program by as much as 20% would raise low-income telephone subscription rates by less than 1%. *See* Attachment C.[10]

According to Verizon's model, the correlation between low-income households' participation in Lifeline and their telephone subscription rates yields an R squared value of approximately 0.2. That means that only about 20 percent of the variation in telephone subscription rates for low-income households among the states can be explained by the variation in low-income households' participation in the Lifeline program. In other words, most of the reason for the difference in telephone subscribership rates (approximately 80%) results from factors other than differences in the rate of participation in the Lifeline program. *See* Attachment C.

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[10] The "Lifeline penetration rate" is the estimate of the percent of eligible households who are receiving Lifeline support. Attachment C includes a table that calculates the estimated Lifeline penetration rates in each state by dividing the number of Lifeline recipients by the number of households with incomes below the federal poverty threshold, and comparing the result with overall telephone penetration among low-income households. The attachment also includes a scatter chart that displays those figures graphically. A strong correlation between Lifeline penetration rates and subscribership would have yielded a visible diagonal "line" rising from the lower left corner of the graph to the upper right corner. Instead, the scattered figures demonstrate that there is, at best, a weak correlation between the two sets of data.

This analysis demonstrates that Lifeline participation alone does not necessarily equate to higher overall subscribership among low-income consumers. By way of example, Maryland and Delaware, which have the lowest rates of Lifeline participation, have high telephone subscribership rates among low income households, of 90.2 and 92.8% respectively, while Wisconsin and Michigan, with multiple times greater Lifeline participation rates, have low-income subscribership rates under 88%. *See* Attachment C.

Moreover, there are many factors, other than federal and state Lifeline and Link-Up subsidies, that affect telephone service subscription levels. For example, the Joint Board analysis focused on whether there was a correlation between the level of state and federal Lifeline support consumers received, and the rate of telephone subscribership. However, a more relevant analysis would have been to look at the rates telecommunications customers pay for telephone service, after receiving federal and state Lifeline subsidies. In other words, even among states with the same level of support per line per month, consumers face very different telephone rates. Thus, in 2002, 35 of 51 jurisdictions had at least some eligible telecommunications carriers receiving the same "highest" level of federal non-tribal Lifeline support -- \$9.50 per line per month. Trends, Table 20.1. However, the rates paid by customers receiving the same level of per-line support range widely. For example, customers in Alaska on average pay \$2.40 per line per month, while customers receiving the same amount of Lifeline support in Kentucky pay \$14 per line per month. *See* Attachment B.

In addition, previous studies have shown that telephone subscribership often depends on factors that are unrelated to the cost of local service. For example, one study compared separate counties in California, New York, and Pennsylvania, and found significant differences in subscribership based on a number of criteria other than income. *See* Jorge Reina Schement and Scott C. Forbes, "Identifying Temporary and Permanent Gaps in Universal Service," *The Information Society*, Vol. 16, No. 2 at 117-126 (2000). The reason for these disparate results, the authors conclude, is that telephone subscribership levels are a function of a number of factors, and those factors "intermix in ways that make parsing them out nearly impossible given the statistical data available." *Id.* As a result,

> gaps [in obtaining telephone service] do exist and are probably local in origin. Closer relationships with public utility commissioners and local organizations could provide not only better data than that provided by the FCC, but could also lead to preventative, instead of reactive, strategies for reversing both the telephone and PC penetration gaps.

Id., at 20-21.

Statistics also confirm that state penetration rates are not closely correlated with the level of per-line support customers receive, or even the average per line rate paid by Lifeline customers. *See* Attachment B (chart demonstrating that low-income household penetration is not correlated with the level of Lifeline support or rates paid per line per month). Because the reasons for subscribership are often local or state-specific, the Commission should encourage state-specific responses, rather than increasing the size of federal Lifeline expenditures.

III. Further Study Is Needed To Determine Whether It Would Be Appropriate To Add Additional Qualifying Programs Such As Temporary Assistance To Needy Families ("TANF") And National School Lunch ("NSL")

The Joint Board recommended that the Commission adopt two additional program-based criteria to the default federal eligibility for Lifeline/Link-Up support: the Temporary Assistance to Needy Families ("TANF") and National School Lunch ("NSL") programs. Recommended Decision, ¶ 20. However, the Joint Board was unable to estimate the financial impact of adding such programs. *See id.*, ¶ 21 ("[W]e cannot project how many additional persons may become eligible for Lifeline/Link-Up if TANF is adopted . . ."); ¶ 23 ("As with TANF . . . we cannot project how many additional persons may become eligible for Lifeline/Link-Up if NSL is adopted. . . ."). Indeed, the Joint Board noted, "there is no data on the total number of households in which NSL participants reside, because more than one NSL participant may reside in a single household." *Id.*, ¶ 23.

Moreover, while the Joint Board stated that it "believe[s]" that adding these programs will "increase telephone subscribership among low-income households," ¶ 20, it offered no evidence to support that assumption. As stated above in section II.B, above, the Commission's own analysis regarding the proposed 135% of Federal Poverty Guidelines criterion, as well as other statistics, demonstrate that increased participation in Lifeline programs does not necessarily correlate to increased subscribership. More study is needed to understand the potential costs of these proposed criteria, and the potential implications adding the criteria will have on subscribership, before the Commission considers adopting them as default Lifeline/Link-Up criteria.

In addition, adding the National School Lunch program as qualifying criterion for Lifeline support presents problems that are not associated with other program-based criterion. That is because, as the Joint Board notes, in the National School Lunch program, "[t]he child, not the parent, is the named applicant." *Id.*, ¶ 23. The Commission previously rejected the suggestion to base eligibility for Lifeline support upon "participation in one of these [qualifying] programs by *any* member of the household," reasoning that, "in the interest of administrative ease and avoiding fraud, waste, and abuse, the named subscriber to the local telecommunications service must participate in" the qualifying assistance program. First Universal Service Order, ¶ 374; *see also* 47 C.F.R. § 54.409 (requiring the "consumer" to certify participation in a qualifying program). This potential for waste, fraud, and abuse is particularly a problem when the applicant for the qualifying program is a child who is not capable of certifying, under penalty of perjury, that he or she participates in the program. There also likely would be problems with more than one household claiming Lifeline eligibility based on the same National School Lunch participant child. For example, a child in the National School Lunch program may have divorced parents who live in different locations, or may live with a guardian that is not his or her biological parent. In that situation, more than one household could request eligibility based on the child's status. This again opens the door to potential waste, fraud, and abuse of Lifeline funds.

Much of the Joint Board's reasoning for recommending the adoption of these program-based criteria was based on the fact that the Commission approved participation in these programs as criteria for eligibility for enhanced Lifeline and Link-Up support to persons living on tribal lands. *See* Recommended Decision, ¶¶ 21-23. However, the Commission added these criteria for tribal lands because it found there was a need for specific criteria targeted to Native Americans who were likely not to participate in the general Lifeline/Link-Up qualifying programs.[11] Other than speculating that the new

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[11] *See Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership In Unserved and Underserved Areas, Including Tribal and Insular Areas*, CC Docket No. 96-45, Twelfth Report and Order, Memorandum Opinion and Order, and Further Notice of Proposed Rulemaking, 15 FCC Rcd 12208, ¶ 69 (2000) ("Twelfth Report and Order").

proposed criteria "may capture many low-income households that may not participate in other Lifeline/Link-Up qualifying public-assistance programs," Recommended Decision, ¶ 24, the Joint Board has not established that there is a similar need for the additional criteria among non-tribal low-income households. In addition, the Joint Board has not analyzed how the criteria is working for the tribal lands portion of the program, or whether there have been problems associated with waste, fraud and abuse using the criteria for tribal lands eligibility. Until these questions are answered, it would be premature to adopt the new proposed criteria on a broader basis.

IV. Outreach Efforts Should Enlist USAC and Organizations In Frequent Contact With Low-Income Individuals, And Any Guidelines Should Be General To Allow Targeting to Local- and State-Specific Problems

The Joint Board recommends that "USAC assist in outreach efforts for Lifeline/Link-Up similar to what USAC currently does for the Rural Health Care and Schools and Libraries Program," and that the Commission encourage states use USAC as a resource. Recommended Decision, ¶¶ 55, 56. The Joint Board also recommends that USAC work with organizations that have contact with low-income individuals to assist in marketing the program to eligible members. *Id.* The Commission should adopt these suggestions. State organizations designed to assist low-income households, as well as other entities that deal with low-income individuals on a daily basis, are the ones most likely to be able to reach consumers through outreach efforts.[12] Giving these organizations a central resource for outreach materials, such as USAC, would allow these organizations to obtain information sheets or other materials similar to those distributed

[12] Especially because there may be a number of competitive eligible communications carriers dealing with the same community, it is difficult for carriers to know which households do not have telephone service.

by state agencies.[13] Establishing one source for access to basic outreach materials would be preferable to requiring them to create their own materials, or to coordinate with multiple different carriers or state organizations.

The Commission also should enlist the help of USAC and the Joint Board as a resource to coordinate efforts to support the other outreach guidelines set forth by the Joint Board. Specifically, the Joint Board recommended that the Commission adopt the following guidelines for outreach:

- "[S]tates and carriers should utilize outreach materials and methods designed to reach households that do not currently have telephone service." *Id.*, ¶ 52.
- "[S]tates and carriers should develop outreach advertising that can be read or accessed by any sizeable non-English speaking populations within the carrier's service areas." *Id.*, ¶ 53.

The Commission should direct the Joint Board to solicit suggestions on "best practices" for meeting these outreach guidelines, and copies of materials that states and carriers have found to be particularly helpful. USAC could act as a clearinghouse for suggested materials, and would be especially valuable in creating materials targeted to non-English speaking populations.

As the Joint Board noted, the majority of commenters recommended that the Commission not require specific outreach procedures. Instead, the Joint Board

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13 *See* Recommended Decision, Appendix E, Lifeline/Link-Up State Procedures: Examples of State Programs Submitted by Commenters, § I.C.3 (discussing North Dakota's practice of giving an information sheet to consumers who are deemed eligible for qualifying programs).

recommended that the Commission offer "guidelines for states and carriers so that they can adopt their own specific standards and engage in outreach themselves." Recommended Decision, ¶ 50. The Joint Board recommendations properly focus on general guidelines, rather than specific federal requirements. Subscribership levels, and outreach needs, vary dramatically from state to state. For example, California has an extensive outreach program administered by a state agency that publicizes Lifeline/Link-Up in multiple languages to target various national groups represented in the state's population. Maine's extensive outreach program helps publicize available programs to the widely-disbursed population of the state. By contrast, Rhode Island, a geographically compact state, works through community groups to hold meetings of potentially eligible consumers to promote the availability of Lifeline and Link-Up. *See* Recommended Decision, Appendix E, § II (discussing outreach programs in various states). The current system provides states with the flexibility to design programs that take into account the state's demographic and geographical characteristics and make rapid adjustments to revise its programs as needed. The Commission should continue to allow states and localities to develop their own specific programs, targeted to the needs in their communities, rather than mandating a federal one-size-fits-all approach.

Conclusion

The Commission should not adopt new federal Lifeline and Link-Up criterion, but should work with states to facilitate local- and state-specific responses designed to target pockets of lower telephone subscribership. In addition, it should direct USAC to work as a central resource for outreach efforts that can be used by all states.

Respectfully submitted,

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August 18, 2003

Attachment A

THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Midwest Incorporated d/b/a Verizon Midwest
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.